

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
BRANDYWINE TOWNSHIP
HANCOCK COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
09/05/2008

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OFFICIALS

Office

Official

Term

Trustee

Mark Hill

08-01-05 to 12-31-10

Chairman of the
Township Board

Debra Hill

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BRANDYWINE TOWNSHIP, HANCOCK COUNTY, INDIANA

We have examined the financial information presented herein of Brandywine Township (Township), for the period of January 1, 2006 to December 31, 2007. The Township's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

July 15, 2008

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
Township	\$ 47,589	\$ 17,485	\$ 12,765	\$ 52,309
Fire Fighting	4,689	28,294	23,100	9,883
Park and Recreation	9,162	9,518	5,210	13,470
Township Assistance	7,986	6,764	4,433	10,317
Cemetery	3,542	-	1,405	2,137
Dog	115	-	30	85
Fire Equipment Debt	677	-	-	677
Totals	<u>\$ 73,760</u>	<u>\$ 62,061</u>	<u>\$ 46,943</u>	<u>\$ 88,878</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 52,309	\$ 44,623	\$ 17,591	\$ 79,341
Fire Fighting	9,883	29,587	23,793	15,677
Park and Recreation	13,470	2,316	2,485	13,301
Township Assistance	10,317	2,588	2,887	10,018
Cemetery	2,137	-	-	2,137
Dog	85	-	-	85
Fire Equipment Debt	677	53,708	55,600	(1,215)
Totals	<u>\$ 88,878</u>	<u>\$ 132,822</u>	<u>\$ 102,356</u>	<u>\$ 119,344</u>

The accompanying notes are an integral part of the financial information.

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance).

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Township to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The Township has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable		
2006 International 4900 Fire Truck	\$ 200,000	\$ 53,000
Total governmental activities debt	<u>\$ 200,000</u>	<u>\$ 53,000</u>

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The following official bonds were not recorded in the Office of the County Recorder:

Marc Hill, Township Trustee for 11-08-06 to 11-08-07 and 11-08-07 to 11-08-08

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

DEPOSIT OF PUBLIC FUNDS

We noted instances where the Trustee was making deposits more than 30 day after the date money was received. The June 2006 tax distribution was issued by the Hancock County Treasurer's Office on June 15, 2006, but was not deposited until July 31, 2006.

Indiana Code 5-13-6-1(c) states in part: "The public funds collected by township trustees shall be deposited in the designated depository on or before the first and fifteenth day of each month."

RECEIPT ISSUANCE

The Township did not issue any receipts during the examination period. A similar comment appeared in the prior three reports.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

TRANSACTION RECORDING

The September 2007 county tax distribution was not posted in the records. Also during 2007, the Township Trustee did not properly complete the appropriations portion of the ledger.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Year</u>	<u>Excess Amount Expended</u>
Fire Equipment Debt	2007	<u>\$ 6,024</u>

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CONDITION OF RECORDS

The examination noted the following conditions concerning the Township's records.

The Annual Report for 2006 did not accurately reflect all activity shown on the ledger in that the annual report did not include the balances, receipts and disbursements for the Cemetery Fund. The amount reported for investments did not agree with the amount reported on the December bank statement.

The Annual Report for 2007 did not include a loan payment from the Fire Debt Fund to Greenfield Banking Company for \$55,600.

The September 2007 tax distribution from Hancock County in the amount of \$54,575.97 was not recorded in the ledger, but was observed as being deposited in the bank.

The Trustee is not performing monthly reconciliations of the record balances to the depository. A similar comment appeared in the prior two reports.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCE

The cash balance of the Fire Equipment Debt Fund was overdrawn in 2007.

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

CERTIFIED REPORT OF NAMES, ADDRESSES, DUTIES,
AND COMPENSATION OF PUBLIC EMPLOYEES

The Trustee did not file the Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) as required.

Each year during the month of January each township trustee must complete a Certified Report of Names, Addresses, Duties and Compensation of Public Employees Form 100-R and send the same properly certified to the State Examiner of the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

BRANDYWINE TOWNSHIP, HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 15, 2008, with Mark Hill, Trustee. The official concurred with our findings.